

SECTION 1511 CERTIFICATION

The authorized representative of the California Department of Public Health hereby certifies, and/or affirms previous certification(s), that this Project has received the full review and vetting required by law and that such representative accepts responsibility that the Project is an appropriate use of taxpayer dollars. Subject to the provisions of this Agreement, the following general description is provided in order to comply with Section 1511 of the American Recovery and Reinvestment Act of 2009 (ARRA).

Applicant Name: City of Escondido

Project Number: 3710006-004

DUNS Number: 078727211

Project description: Replacement of approximately 5 miles of failing and undersize distribution pipeline.

Estimated total cost of the Project: \$7,532,000

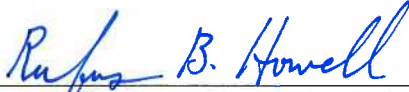
Type of Assistance: 50% (Fifty Percent) Forgiveness of Principal

Interest Rate: 2.5017%

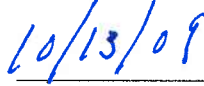
Estimated amount of ARRA funds to be used: \$6,500,000

Forgiveness of Principal: \$3,250,000

Loan Amount: \$3,250,000



Rufus B. Howell, Deputy Director
Center for Environmental Health




(Date)



California Department of Public Health
MEMORANDUM

DATE: August 17, 2009

TO: Leah Godsey Walker, Chief
Drinking Water Technical Programs Branch

FROM:  Addie Aguirre, Chief
Safe Drinking Water State Revolving Fund Administration Section

SUBJECT: Recommendation to Authorize Funding Agreement to **City of Escondido**,
Project No. **3710006-004** for Funding under Safe Drinking Water State Revolving
Fund, American Recovery and Reinvestment Act (ARRA)

The California Department of Public Health (CDPH) has completed its evaluation of the above referenced project for funding under Safe Drinking Water State Revolving Fund, American Recovery and Reinvestment Act (ARRA). It is recommended to authorize a funding agreement for this project.

The following information should be included in the Funding Agreement:

1. Supplier Legal Name: **City of Escondido**
2. Project Number: **3710006-004**
3. Supplier is a **Public Agency** in the County of **San Diego**, State of California.
4. The purpose of the funding is to assist in financing a project which will enable Supplier to meet safe drinking water standards.
5. The total ARRA project cost is estimated to be **\$7,532,000** of which **\$7,329,400** is considered ARRA total eligible project costs.
Type of Assistance: **50% (Fifty Percent) Forgiveness of Principal**
6. Total ARRA fundable cost: **\$6,500,000**
Forgiveness of Principal: **\$3,250,000**
Loan Amount: **\$3,250,000**
7. The Supplier's cost for this project is estimated to be **\$1,032,000**.
8. The reasonably expected useful life of the project facilities is **20** years.
9. Supplier's Grant Administrator shall be its' **Deputy Utilities Manager** for the **City of Escondido**.

10. Supplier's Official Notices shall be sent to:

**City of Escondido
Deputy Utilities Manager
1521 S. Hale Avenue
Escondido, CA 93029**

11. The Project shall be constructed in accordance with the plans and specifications approved by State on **June 10, 2009**.

12. Supplier shall complete the project no later than **September 1, 2012**.

13. Rate of Interest: **2.5017%**

14. Term of Loan: **20 years**

The Funding Agreement should contain the following Special Conditions

1. The Supplier shall notify CDPH's **San Diego** District Office when the Project construction is fifty percent (50%) complete.

2. Notwithstanding any term or condition to the contrary in this Agreement, including but not limited to Article A-8, the Supplier may place a Project facility into operation prior to completion of the Project if prior written approval is obtained from the CDPH **San Diego** District Office.

3. It is recommended that the District secure the Loan on parity with the four debt obligations secured by the Water Enterprise and covenant to establish rates and charges in amounts sufficient to generate net income equal to at least 1.20x all outstanding (revenue-supported) debt. The Supplier should use unrestricted cash to fund the Revenues Requirements at the time of Loan origination.

4. If archaeological features or materials are unearthed during any phase of Project activities, all work in the immediate vicinity of the find shall halt until the Supplier has contacted a qualified archeologist who will determine the significance of the resource.

5. If human remains are exposed by project-related activity, the Supplier shall comply with California State Health and Safety Code, Section 7050.5, which states that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to California Public Resources Code, Section 5097.98. The Supplier will provide the opportunity for Native American monitor(s) to participate in the identification, evaluation, and mitigation of effects upon, any Native American human remains or cultural resources inadvertently exposed during

the proposed undertaking, said requirement may be satisfied by consultation with personnel designated by the Native American Heritage Commission. Should tribal representatives agree to consult on any such discoveries; the costs incurred will be the responsibility of the Supplier.

cc: Sean Sterchi, District Engineer
Heather Collins, Regional Engineer
Addie Aguirre
Anne Novak
Karen Hilliard
Veronica Malloy
Dat Tran
Noel Gordon